



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



APRIL 12, 1999

**U.S.-China Trade Talks Are Positive For Agriculture.** Although China's accession into the 134-member World Trade Organization (WTO) remains just out of reach, Premier Zhu Rongji and U.S. negotiators were, nonetheless, able to reach agreement on several key trade issues. Positive news for agriculture came in the form of the Sino-U.S. Agricultural Cooperation Agreement, allowing U.S. pork, beef, poultry, citrus, and wheat producers greater access to the increasingly important Chinese market. In particular, the agreement calls for the immediate lifting of sanitary and phytosanitary bans on these products. Although benefits to the U.S. wheat industry may not be immediate, the potential for an increase in exports from Pacific Northwest ports to China, with a population of 1.3 billion, is substantial. In the past, China has imported as much as 15 million metric tons of U.S. wheat annually. That figure had dropped to 1.9 million metric tons between 1997 and 1998 due to record production in China during that period. In addition, China has not accepted wheat shipments from the Pacific Northwest region since 1972 due to concerns over TCK smut, a sour-smelling fungus affecting wheat grown under certain conditions. Although U.S. scientists have determined the disease to be harmless to humans, the Chinese had been steadfast in maintaining the ban over the years, arguing that the fungus could spread to Chinese crops. Canadian and Australian producers filled the void during this time. Major tariff reductions were also obtained during the negotiations. According to U.S. Trade Representative, Charlene Barshefsky, the agreement removes unfair trade barriers to U.S. wheat, meat, citrus, and poultry and signifies a new era in our bilateral agricultural relationship, one that is based on sound science and the mutual benefits of open markets. Besides allowing the U.S. improved access to the China's agricultural market, the more important issue for Premier Zhu during his 9-day visit was to gain entry into the WTO, a world trade regulating body. This matter has been under negotiation with the U.S. for last 13 years. WTO accession would essentially give China a say in global trade rules, protect it from unilateral trade sanctions, and require it to cut its protective tariffs. Within 4 years of accession, China's average agricultural tariffs would be cut from 40 percent to 14.5 percent. It would also help the economic program of Premier Zhu to gain legitimacy with the Chinese people, as the country becomes a market-oriented economy. Despite China's eagerness and the potential for increased trade, members of Congress have voiced reasons for their opposition, including China's human rights record, weapons proliferation, and recent allegations of spying on the U.S. Conceding that entry into the WTO may not be realized until later in the year, Zhu stated that he understood the concerns of the U.S. administration because they are worried that perhaps Congress might not approve of whatever agreement might be reached. In an AP telephone interview, Chi Fulin of the China Institute for Reform and Development, a government think tank, stated, A Joining the WTO will do more good than bad, although China will face more competition and risks. President Clinton and the Chinese Premier agreed to continue talks and hoped to have an agreement by year end. According to William Daley, U.S. Secretary of Commerce, the goal was to complete the process for China's entry into the WTO by November, when WTO members, meeting in Seattle, WA, open a new round of trade liberalization talks. (*Knight Ridder 4/8,4/9; Washington Post 4/10; Washington Times 4/12; AP 4/10,4/11; Reuters 4/9,4/10; Journal of Commerce 4/12*)


**Dakota Southern Stops Hauling Grain.** The Dakota Southern Railway, a Chamberlain, SD-based short line has decided that it will stop hauling grain between Kadoka and Mitchell, SD, being unable to compete with the changing rate structure of Class 1 carrier, Burlington Northern Santa Fe (BNSF). Owner Alex Huff said that the problem started over a year ago when BNSF determined that its best rates would apply only to BNSF cars loaded at a BNSF-served facility. Grain traffic traveling on the short line switches to BNSF track once it reaches Mitchell, SD. A Grain loaded in one of our cars...moves at a higher rate than grain moved in one of their cars in Mitchell. That, in essence, makes us uncompetitive, stated Huff. In order to accommodate the larger unit trains, the Mitchell Farmers Co-op Elevator has already, over the last 2 years, invested \$3 million in facilities. Continental Grain in Emery, SD, has also heavily invested in facilities to handle the unit trains. (*AP 4/10*)

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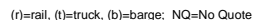
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## Futures:

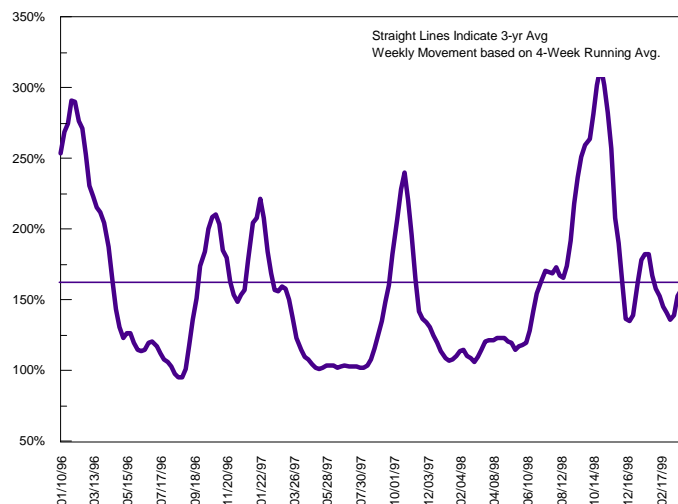
			04/09/99	Week Ago 04/01/99	Year Ago 04/10/98
Kansas City	Wht	May	2.9150	3.0350	n.a.
Minneapolis	Wht	May	3.3225	3.3450	n.a.
Minneapolis	Dur	May	3.4600	3.4800	n.a.
Chicago	Wht	May	2.6575	2.7675	n.a.
Chicago	Corn	May	2.1775	2.2200	n.a.
Chicago	Sybn	May	4.8050	4.8325	n.a.



Inland Bids: Ord. HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans  
Export Bids: 12% HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA ([www.usda.ams.gov](http://www.usda.ams.gov))  
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND  
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA  
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.  
Canada: Bids in CAN\$, Canadian Wheat Board, Winnipeg ([www.cwb.ca](http://www.cwb.ca))

## Index - Percent of Tariff Rate



The chart displays the average cost per car for three different trading strategies over a 36-month period. The y-axis represents the average cost in dollars per car, ranging from \$0 to \$300, with a negative scale for losses down to \$100. The x-axis shows the delivery month and year from September 1997 to September 1999. BNSF-SWAP is represented by green dotted bars, CP-GEEP by red solid bars, and UP-POOL by white solid bars. UP-POOL generally shows the highest costs, peaking at over \$200 in late 1997. CP-GEEP and BNSF-SWAP show more volatility, with significant losses occurring in early 1998 and mid-1999.

Delivery Month-Year	BNSF-SWAP (\$/Car)	CP-GEEP (\$/Car)	UP-POOL (\$/Car)
Sep-97	80	80	100
Oct-97	170	160	200
Nov-97	180	120	100
Dec-97	120	80	220
Jan-98	60	40	140
Feb-98	-10	-10	70
Mar-98	-90	-40	10
Apr-98	-140	-50	-10
May-98	-180	-40	-10
Jun-98	-10	-20	0
Jul-98	40	50	100
Aug-98	50	100	120
Sep-98	160	110	150
Oct-98	190	80	110
Nov-98	30	20	60
Dec-98	-10	-10	10
Jan-99	-30	-10	10
Feb-99	-40	-10	0
Mar-99	-50	-10	-10
Apr-99	-50	-10	-10
May-99	-10	-10	20
Jun-99	20	10	50
Jul-99	50	30	60
Aug-99	70	50	80
Sep-99	90	50	100

See the Grain Trax page at [www.ugpti.org](http://www.ugpti.org) for more graphs of rail premiums.

**Rail Car 'Auction' Offerings**

Delivery for:	May-99		June-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	5,257	7%	5,543	17%
<b>UP-GCAS</b>	5,400	3%	5,400	19%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Apr-99	May-99	Jun-99	Jul-09
BNSF-GF	\$0	\$(40)	\$(22)	\$11
CP-GEEP	\$1	\$(5)	\$(1)	\$20
UP-Pool	\$0	\$(5)	\$5	\$54

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Apr-99	May-99	Jun-99
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	\$0	\$0	\$0
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	\$1

Source: T&M/AMS USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com), (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values\***

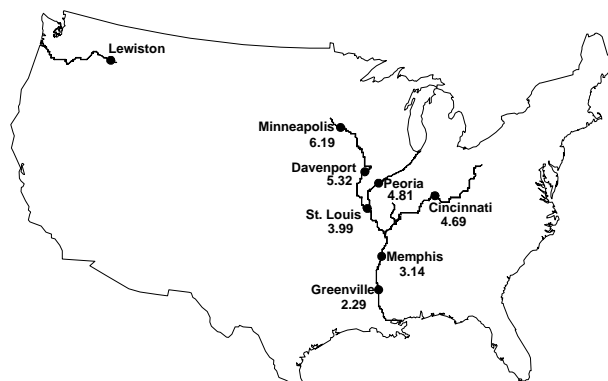
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
4/12/99	Twin Cities	twk	190
		wks. of 4/11-25	180
		twk	185
		nwk	180
		May/June/July	170
	Mid Miss	twk	150
		nwk	145
		wks of 4/18&25	145
		May	140
		May/June/July	140
	Illinois River	twk	135
		nwk	135
		wks. of 4/18&25	130
		May	130
	St. Louis	August	125
		September	160
	Ohio River	twk	105

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week  
nwk=next week**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'****Southbound Barge Freight Spot Rates**

	4/7/99	3/31/99	May '99	July '99
Twin Cities	187	204	177	181
Mid-Mississippi	150	169	147	148
Illinois River	139	155	136	139
St. Louis-Cairo	110	132	114	116
Lower Ohio	108	129	110	120
Cairo-Memphis	105	124	108	113

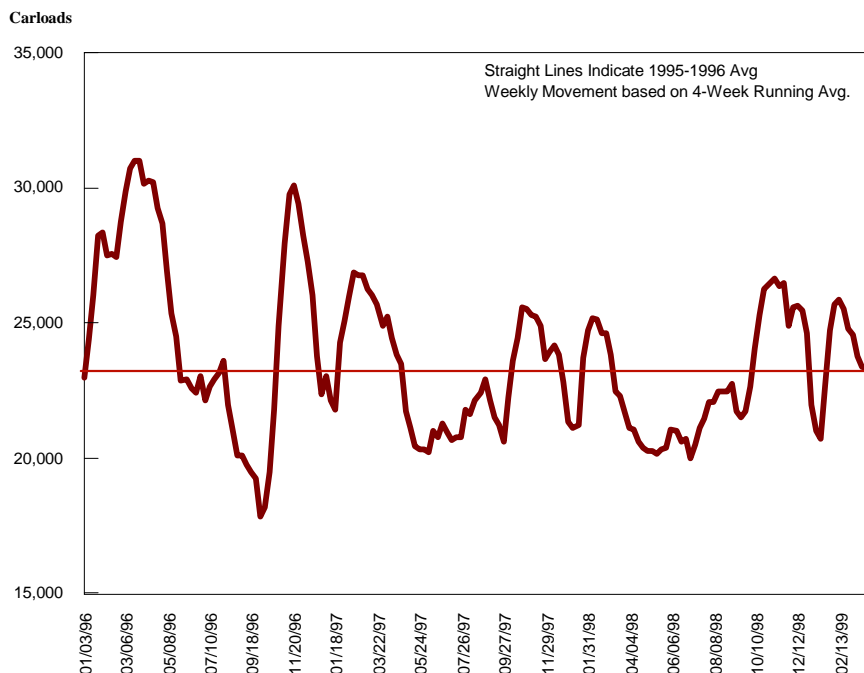
Source: Transportation & Marketing /AMS/USDA  
nq- no quote

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
3/20/99	22,549
3/27/99	23,044
4/3/99	21,846
Year to Date - 1999	313,468
Year to Date - 1998**	305,341
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: American Association of Railroads	

\*\*1998 - 52 weeks

\* 1997 - 53 weeks



## Class I Rail Carrier Grain Car Bulletin

Carloads

			<u>East</u>		<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
04/03/99	496	2,237	1,485	2,189	7,010	742	7,687	1,902	3,605
This Week Last Year	587	2,409	1,410	2,597	7,628	494	6,020	2,648	4,712
1999 YTD	10,257	33,637	19,104	33,535	107,372	9,269	100,294	24,625	38,021
1998 YTD*	9,880	32,783	17,069	33,987	116,529	9,145	85,948	36,552	57,314
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

\*\*1998 - 52 weeks

\* 1997 - 53 weeks

## Tariff Rail Rates for Unit Train Shipments

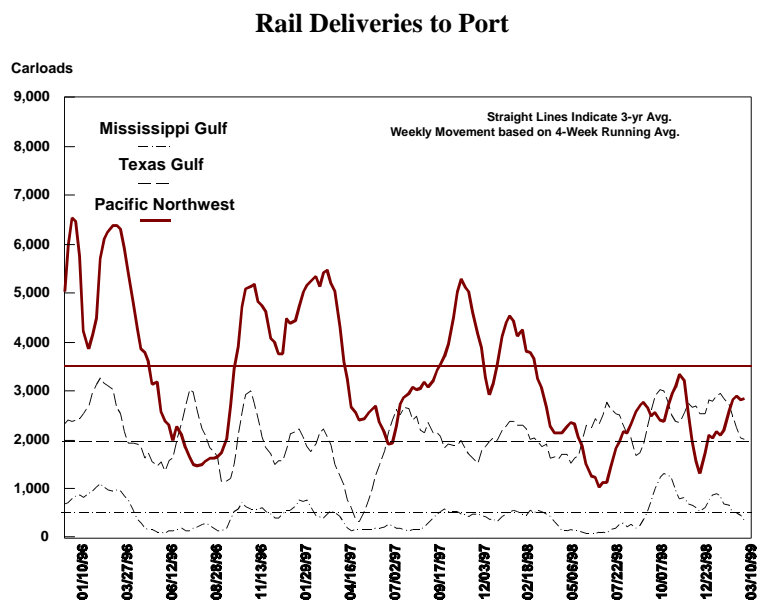
April 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
03/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$19.51	\$0.65
03/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$40.31	\$1.33
03/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$16.79	\$0.56
03/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,226	\$38.35	\$1.27
03/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$38.16	\$1.26
03/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
03/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
03/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
03/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$30.22	\$1.00
03/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$27.50	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

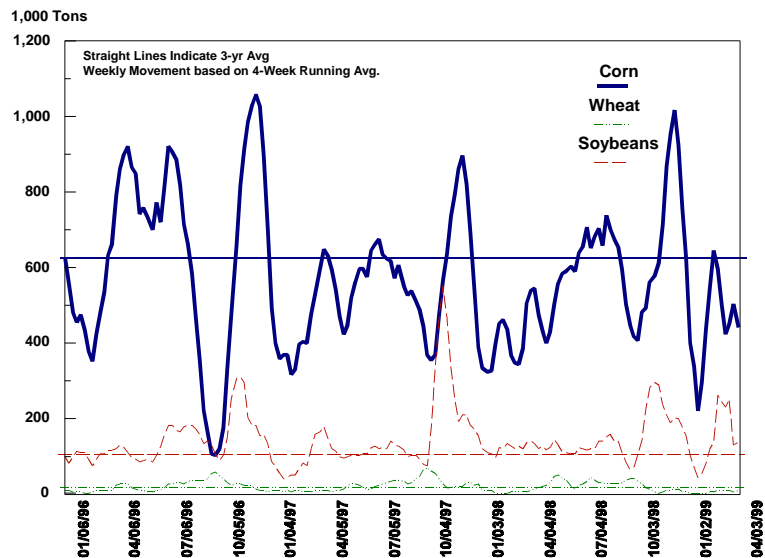
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

<b>Rail Deliveries to Port</b>				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
02/24/99	462	2,642	2,631	580
03/03/99	606	2,061	3,190	179
03/10/99	334	1,947	3,324	846
03/17/99	654	2,342	2,426	390
03/24/99	178	1,816	2,349	85
03/31/99	237	1,924	3,250	164
YTD 1999	7,919	32,833	31,689	4,984
YTD 1998	7,477	30,093	30,015	4,931
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				



**\*Note:** The above data is temporarily incomplete. Notification following revisions will be given.

## Barge Movements - Locks 27



## Barge Grain Movements

for week ending 03/27/99

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	342	5	20	366
Winfield, MO (L25)	507	8	47	562
Alton, IL (L26)	782	8	97	888
Granite City, IL (L27)	788	15	103	907
Illinois River (L8)	218	0	33	252
Ohio (L52)	45	4	6	95
Arkansas (L1)	0	25	3	27
1999 YTD	6,078	270	2,124	9,636
1998 YTD	6,318	297	1,871	9,794
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.  
Source: U.S. Army Corp of Engineers

Note: Cumulative data has been revised (1998 & 1999 YTDs).

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
04/01/99	1,274	612	1,025	534	209	3,653	7,287	2,759	13,699
This Week Year Ago	1,192	220	1,821	503	172	3,103	6,237	1,753	11,093
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	8,857	1,781	5,439	4,776	793	21,646	27,073	16,434	65,153
97/98 YTD	8,349	4,488	5,237	4,846	1,113	24,033	22,214	17,713	63,960
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942
95/96 Total									

**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
04/08/99	222	212	0	99	29	17	256	645	189
1999 YTD	2,946	2,183	67	1,459	8,620	4,753	1,888	807	762
1998 YTD *	2,452	2,025	314	1,625	6,650	5,856	1,589	29	457
% of Last Year	27%	50%	10%	29%	28%	32%	26%	144%	55%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

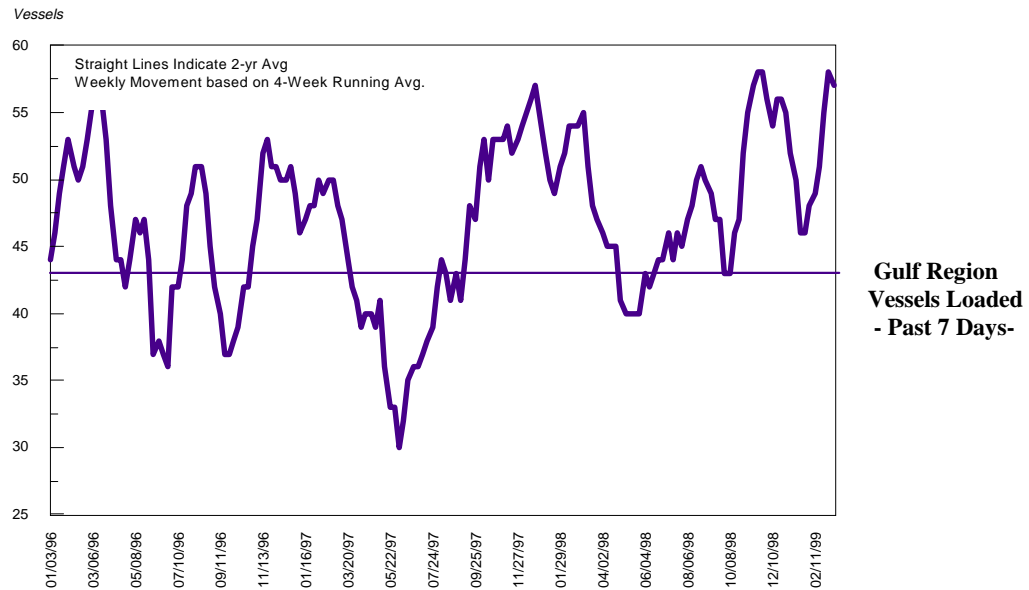
Source: Federal Grain Inspection Service \* YTD-Year-to-Date ('98 = 53 week period)

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

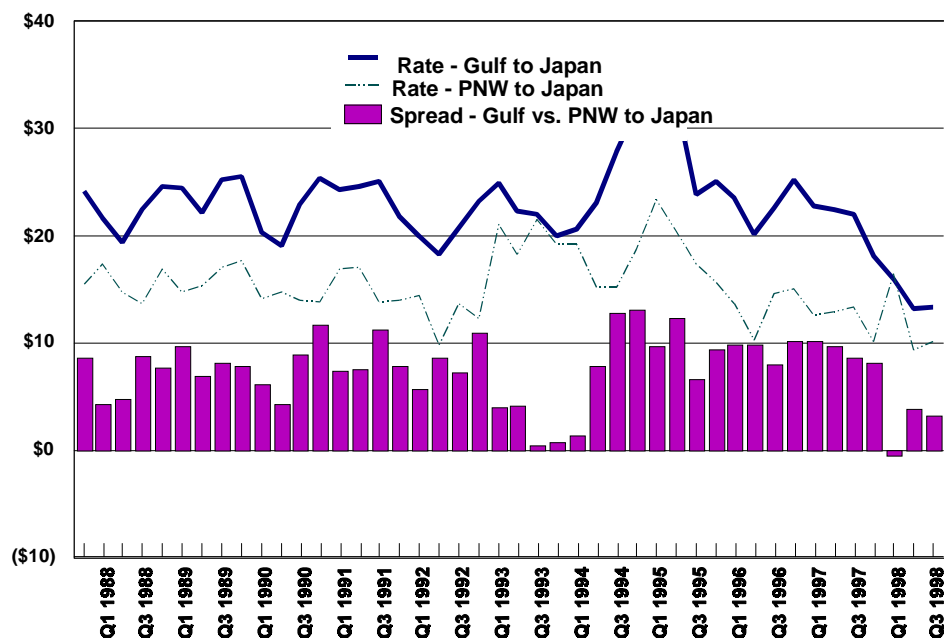
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 04/08/99			
Vancouver	2,900	641	248
Prince Rupert	1,207	7	0
Prairie Direct	599	338	180
Thunder Bay	295	93	144
St. Lawrence	1,542	1,204	0
1999 YTD Exports	6,543	2,283	572
1998 YTD Exports	11,624	2,815	1,609
% of Last Year	56%	81%	36%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\*  
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
04/01/99	34	48	53	8			8	13	4
04/08/99	27	44	57	8			10	8	7
1998 Range	(19..62)	(34..64)	(40..93)						
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

## Quarterly Ocean Freight Rates

Average Rates &amp; Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1998 4 <sup>th</sup> Qtr	1997 4 <sup>th</sup> Qtr	% Change		1998 4 <sup>th</sup> Qtr	1997 4 <sup>th</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$13.33	\$22.01	-39%	Japan	\$10.17	\$13.34	-24%
Mexico	\$14.41	\$13.97	3%	Red Sea/ Arabian Sea		\$20.18	
Venezuela	\$10.87	\$13.59	-20%				
N. Europe	\$8.81	\$11.34	-22%	<b>Argentina to</b>			
N. Africa	\$15.26	\$14.80	3%	N. Europe	\$12.56	\$16.12	-22%
				Japan		\$23.23	

Source: Transportation &amp; Marketing/AMS/USDA

## Ocean Freight Rates (Select Locations) - week ending 04/10/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Vera Cruz (Mexico)	Heavy Grain	Prompt	28,000	\$10.00
Gulf	Acajutla (El Salvador)	Heavy Grain	Prompt	21,000	\$16.00
Gulf	Callao (Peru)	Wheat	April	35,000	\$13.90
Gulf	Europe	Grains	April	55,000	\$9.50
Gulf	Turkey	Heavy Grain	Prompt	22,000	\$15.05
Gulf	Bandirma & Mersin (Turkey)	Heavy Grain	Prompt	55,000	\$12.25
Gulf	Japan	Heavy Grain	April/May	54,000	\$15.25
Gulf	China	Soybeans	April/May	55,000	\$14.40
River Plate & Brazil	Spain	Grain	April	60,000	\$14.50
Dunkirk	Chittagong (Bangladesh)	Wheat	Prompt	30,000	\$22.50

Source: Maritime Research Inc.